

EXHIBIT AAA

Highly Confidential

614-466-6420

John Guthrie MFCU
AA Gene
614-466-0722
614 644-9973 For
Mr M.
Off AG
101 E Town St.
5th Fl
Col
43286

1400903

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PICK "#6" FOR PROCRIT
MFCU

John Grothery

614-446-0722

Ohio

1400904

PROCRIT
EPOETIN ALFA

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PICK "#6" FOR PROCRIT

S&U ^{CONFIDENTIAL} Chief

Jim Onger

614-466-7936

1400905

Ex 614-466-2908

Bob Reed

PROCRIT
EPOETIN ALFA

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12/15/97
Oct 1
WAC + 11%
ML 25.04
Etxpo Insurance

1400906

VAC MDL 75326

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W/HN

**PRO
MED**

PHARMACIES
1/800-759-7775

OHIO

5-30

Jim Dyer MFCU

614-466-7936

Ben Chies SUR

25 E 8th St 4th Floor

0078 Clm OH

250 \$195 4325

1400907 \$2.20

Servallence

EXHIBIT BBB

Carolyn McElroy
410-576-6521
410-576-6314 Fax

AOL

LYNROY@AOL.COM

1400774

VAC MDL 75206

EXHIBIT CCC



Commercial Litigation Branch
Civil Division

MFH:JRB:MCTheis
46-18-1921

Post Office Box 261
Ben Franklin Station
Washington, D.C. 20044-0261

(202) 307-0497
fax (202) 616-3085

December 6, 1996

Ms. Karen I. Squarrell
Acting Director
New Jersey Medicaid Program
Director's Office, 3d Floor
7 Quaker Bridge Road
Trenton, New Jersey 08619

Re: Request for pricing correspondence between New Jersey
Medicaid and listed drug manufacturers

Dear Ms. Squarrell:

The United States Department of Justice is investigating a matter concerning pricing information submitted to the Medicare and Medicaid programs and representations made about drug pricing by drug manufacturers and their representatives to agencies of the Federal Government.

We are informed that an official in your office, Mr. Edward J. Vaccaro, Chief of the Pharmaceutical Services Division, has, since about August 1993, maintained an archive of pricing information and related materials submitted by drug manufacturers and/or companies acting on their behalf. We understand that this material includes documents disclosing average wholesale prices, direct prices, and information about wholesale acquisition costs for a number of drugs for which Medicare and/or Medicaid may provide reimbursement.

We respectfully request your cooperation in our investigation, and would ask that you provide to us copies of the documents described above for our evaluation. We are interested in information submitted by any of the manufacturers on the enclosed list.

1400795

AWW
(cc)

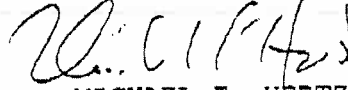
VAC MDL 75228

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-2-

If you have any questions about this matter, please contact Michael Theis, the attorney on my staff assigned to this matter, at the number above.

Very truly yours,



MICHAEL F. HERTZ

Director

Commercial Litigation Branch
Civil Division

Enclosure

1400796

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MANUFACTURERS

1. Abbott laboratories
2. Alpha Therapeutic Corp.
3. American Red Cross
4. American Regent Laboratories
5. Apoteco Products, a Bristol Myers Squibb Co.
6. Armour Pharmaceutical Company
7. Astra USA, Inc.
8. Baxter Healthcare Corporation
9. Bayer
10. Bristol-Myers Squibb Company
11. Burroughs Wellcome Company
12. Cerenex Pharmaceuticals
13. Chiron Corporation
14. Cetus Oncology Corporation
15. Day Laboratories, Inc.
16. Elkins-Sinn, Inc.
17. Faulding Hospital Products
18. Fujisawa USA, Inc.
19. Geneva Pharmaceuticals
20. Gensia Laboratories Ltd.
21. Glaxo Pharmaceuticals
22. Immunex Corporation
23. Lederle Oncology Corporation
24. Marsam Pharmaceuticals
25. McGraw, Inc.
26. Pasadena Research Laboratories, Inc.
27. Pharmacia, Inc.
28. Roxanne Laboratories, Inc.
29. Sandoz Pharmaceuticals, Corp.
30. Sanofi Winthrop Pharmaceuticals
31. Tap Pharmaceuticals

1400797

EXHIBIT DDD

Director
MPOU

- Milt Blakey, ^{ESY} Larry Bailey - ^{Chief} ~~Executive~~ ^{Executive} 6/26/97
Alan Chapman. - RPH. Mike Theis, Esq.
 - doubtful, suspicious.

→ Real disparity between Acquisition Cost & AWP.
 → FUL can control this - NO AUL on org. & org.

→ Colorado reimburse ~~the~~ org + org drugs there
 incident to a physician service.

→ AWP & WAC from Medispan. Assumed Monyp
 provide info to Medispan.

- does not think they get direct info from
 drug monyp. But will check on it.

- Can't get some prices that hospitals.

→ Going to compare our price to his.

→ IVIG, IV fluids - real interested

→ run NDC number

→ net price & rebate

→

and Red Book
 Mike Theis.

1400299

FUL states Reim for drug.
 Have to pay in the (aggregate, ^{Actual} Acquisition Cost.)

EXHIBIT EEE



Robert W. Wright
Director

Illinois Department of Public Aid

Prescott E. Bloom Building
201 South Grand Avenue East
Springfield, Illinois 62763-0001

TELEFAX COVER SHEET

DATE

October 4, 1995

TO

Robert Coolidge
South Dakota Medicaid

FROM MARVIN L. HAZELWOOD, Manager
Pharmacy and Ancillary Service Programs
Bureau of Comprehensive Health Services

4 PAGE(S) TO FOLLOW

☐

URGENT

COMMENTS

AWP vs cost survey



If there are any problems, PLEASE contact
the Bureau of Comprehensive Health Services
TELEFAX # (217) 524-7194

(WFP007.462)

AWP-IL-00010038

FACSIMILE TRANSMISSION

MEDICAID PHARMACY PROGRAM

ADMINISTRATORS



DATE: September 27, 1995

TO:

Joe Hicks - Alabama
David Campana - Alaska
H. Belton P. Meyer - Arizona
Thelma Underwood - Arkansas
Mike Neff - California
Kim Gordon - Colorado
Elizabeth Geary - Connecticut
Cynthia Denemark - Delaware
Jerry Wells - Florida
Francis Lipscomb - Georgia
Lynn Donovan - Hawaii
Mary Wheatley - Idaho
Marvin Hazelwood - Illinois
Marc Shirley - Indiana
Joe Mahranholz - Iowa
Gene Stephens - Kansas
Gene Thomas - Kentucky

M.J. Terrebone - Louisiana
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John Patrias - Minnesota
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Benny Ridout - North Carolina
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Bev Castor - Oregon
Joe Concino - Pennsylvania
Paula Avarista - Rhode Island
Caroline Sojourner - South Carolina
Bob Coolidge - South Dakota
Leo Sullivan - Tennessee
Curds Burch, Jr. - Texas
Raedell Ashley - Utah
Chet Briggs - Vermont
David Shepherd - Virginia
Garth Holmes - Washington
Donna Bovall - Washington, DC
Mary Ann McNeil - West Virginia
Michael Boushon - Wisconsin
Steve Johnson - Wyoming

NUMBER OF PAGES INCLUDING COVER PAGE: 2

FROM: Kathy Berdusco
708-470-6614

CONTACT: Barbara Waggoner
708-470-3680

FAX #: 708-967-2093

COMMENTS: Please complete the attached survey from Robert Coolidge, South Dakota Medicaid, and ..

return by **FAX 605/773-4855**

AWP-IL-00010039



DEPARTMENT OF SOCIAL SERVICES
OFFICE OF MEDICAL SERVICES
700 Governors Drive
Pierre, South Dakota 57501

DATE: 9-27-95
TO: Medicaid Pharmacy Administrators
FROM: Bob Coolidge, R.Ph.
South Dakota, Medicaid
REGARDING: Average Wholesale Price

Dear Medicaid Pharmacy Consultants:

I am requesting information regarding the relationship between AWP and pharmacy cost. If any states have information, I would appreciate your input.
I am looking for your formula used for calculation of reimbursement and the relationship of AWP to the actual cost of the product.

Actual Pharmacy Acquisition Cost = AWP less _____ %

Reimbursement formula for the state of _____ = AWP less _____ % plus _____

Thanks for your timely assistance.

Please FAX to:

Robert Coolidge, R.Ph.
South Dakota Medicaid
NEW FAX NUMBER (605) 773-4855

Thanks!
B.C.

See Attached
pages

AWP-IL-00010040



Robert W. Wright
Director

Illinois Department of Public Aid

Prescott E. Bloom Building
201 South Grand Avenue East
Springfield, Illinois 62763-0001

October 4, 1995

Robert Coolidge, R.Ph.
Department of Social Services
Office of Medical Services
700 Governors Drive
Pierre, South Dakota 57501

Dear Mr. Coolidge:

This is in response to your September 27, 1997 survey letter about AWP and actual costs. I thought I'd write a short book on the subject rather than fill in the blanks on your survey.

First, if you ever collect auditable data which factually answers your questions you'll be a rich man from the royalties. None of the entities who sell drugs are going to easily make the information available and you really can't get it from pharmacy invoices because of all the volume incentives and rebates subsequently paid. Additionally, some products don't even go through wholesalers and instead are sold directly. In other cases, a large national chain may buy direct from the manufacturer (regardless of what the local sales person may tell you) while all the community pharmacies must purchase through some wholesaler.

I understand from reliable industry sources that "on average" retail pharmacies are buying at approximately AWP minus 17% with some drugs a little more and some a little less. However, the national chains are likely buying at least some of the same stuff at AWP minus 25% or more. Further, the closes pharmacies in your state who serve only nursing homes, are probably buying many products at AWP minus 30% or more.

Our formula for maximum reimbursement is:

Single Source Products--AWP minus 10% plus a dispensing fee of \$3.58 (minus \$0.28) or 10% of the AWP minus 10% up to a maximum of \$15.00 (minus \$0.28) with the 28¢ reduction being a cost cutting step negotiated this last legislative session.

Multiple Source Products--the lower of AWP minus 12%, the Federal Upper Limit, or the State Upper Limit plus a dispensing fee of \$3.58 or 10% of the amount determined above up to a maximum of \$15.00. For multiple source drugs, the savings initiative was the addition of the AWP minus 12% step.

AWP-IL-00010041

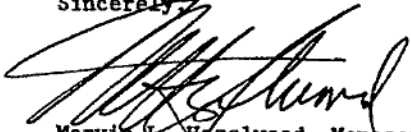
Robert Coolidge, R. Ph., South Dakota Medicaid (continued)
October 4, 1995
Page 2

If you're looking for a way to cut reimbursement, don't look at returning to actual acquisition cost because you'll end up with nothing but negative audit findings because you were wrong with the acquisition cost numbers you used (actual acquisition cost is really not known for as long as 12 months after the store purchased the drugs). If you're looking for something to use in "attesting" to your reimbursement methodology for your State Plan, you're better off just "attesting" and letting it go at that.

If I could implement the reimbursement I wanted, for single source drugs it would be AWP minus 13% (that's about the average HMO's pay) plus a dispensing fee of \$2.75 (about 25¢ more than the average HMO dispensing fee). For multiple source drugs I would make extensive use of State Upper Limits as neither the FUL or AWP mean anything for generic drugs. I would also set up an entirely different reimbursement for closed pharmacies serving only nursing homes. In the end these things end up being negotiated with the pharmacy industry so make sure your bases are covered before you start.

Feel free to call me if you have any questions after reviewing all your responses. I'm at (217) 524-7143. You will usually have to leave word with my secretary, Sandy, and I'll get back to you.

Sincerely,



Marvin L. Hazelwood, Manager
Pharmacy and Ancillary Services Programs

file-7/8907

AWP-IL-00010042